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Greece

Tomatoes and Products

Annual

2006

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Report Highlights:
While production is down slightly over previous years, stocks remain high and competition from imports is high. While prices have remained stable, primarily due to the quality and reliability of the Greek product. Future prices are uncertain.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
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Executive Summary

Production

SECTION I. SITUATION AND OUTLOOK

Total 2005 Greek tomato production, for both table and industrial (processed) use, is estimated over 1.6 million MT compared to over 2 million MT a year earlier. While this is significantly less than last year it is higher than the 2003 output of 1,340,000 MT. Industrial tomato production in MY 2005/2006 is reported at 880,000 MT compared to 1,187,000 MT a year earlier, a significant drop due to the favorable weather conditions experienced during the 2004 crop. The processing capacity in Greece exceeds 1.2 million tons of fresh product in 52 processing units. Although, in the past few years a number of small national tomato paste processing plants have closed down, while others have operated at reduced capacity and are faced with large stocks. For the fifth consecutive year, Greece did not succeed in reaching the EU imposed national industrial tomato quota of 1,211,241 tons. Fresh tomato production in 2005, produced both under cover and outdoors, is reported at 750,000 MT. Of this amount, 300,000 MT are produced under cover on 3,500 hectares around the country. Industrial tomato utilization in 2005 is reported at 830,000 MT for tomato paste, 40,000 for canned tomatoes, and the remaining, approximately 10,000 MT, was either sold in the fresh market, used on-farm, loss or wasted, or went to other products (pulp, passata, pizza sauce).

Weather conditions have been good in Greece, especially during the key month of April, and foretell a good 2006 crop. The industrial tomato harvest target this year is 1,000,000 MT. Following the large stocks left over from the previous marketing seasons (MYs 2004/2005 and lesser in 2005/2006), the domestic tomato processing industry faces stiff competition from cheap tomato paste imports into the EU, mainly from China. Contracts signed between farmers and processors call for smaller production, in an attempt to reduce output and stocks, which have significantly increased in the past two marketing periods. While official forecasts for the 2006 crop output are still not available, indications are that the total tomato output this year will be close to 1.8 million MT, slightly over the 2005 fresh and industrial crop, but within manageable levels.

The situation for canned tomato products is much less dramatic due to stable domestic demand, which has maintained an upward trend in recent years. Although exports have been adversely impacted because of massive imports of cheaper products into the EU, CY 2005 Greek tomato paste exports showed a significant recovery compared to CY 2004. Canned tomato product exports in 2005 were also higher than 2004.

SECTION II. SUPPLY AND DEMAND, POLICY AND MARKETING PRODUCTION

Production of Processed Tomatoes

Although fields are all irrigated, Greek production of tomatoes for processing has been limited because of a low average yield (estimated at 60 MT/ha), and the quantity of acreage in small plots (approximately 2 hectares per family). In the past three years through an agreement with the processing industry, farmers devoted some of their acreage to other crops, such as field melons, green vegetables, corn and irrigated durum wheat, in order to supplement their income. In 2003, there was a slight increase in industrial tomato acreage, which was considered then as an alternative crop to mainly cotton cultivation. During crop years 2004 and 2005, following deliberate reductions of acreage and fresh output, industrial tomatoes were no longer an alternative crop for Greece, even though the EU production quota allows for more industrial tomato plantings. The quality of Greek fresh tomatoes channelled to processing, but cultivated under adverse weather conditions (wet seasons), is not satisfactory and results in low yields of tomato paste (28-30 TSS basis). In a favourable year, yields for tomato paste range from only 5.5- 6.0 kg to produce 1 kg of tomato paste. When good weather conditions prevail it positively affects both the quantity and the quality of tomato production (both fresh and industrial), leading to better processed products with higher Brix juice concentration levels (between 5.0 – 5.5 degrees, compared to 4.0 – 4.2 degrees) and better color than that obtained under adverse weather conditions.

Reportedly, this year farmers have complained about the treatment they received from processors who are not willing to sign contracts for the entire harvest. Processors (through their Pan Hellenic Vegetable Processing Association) consider their “stocks” too high and are hesitant to proceed with agreements that may worsen their position. Sources report that the association is planning to ask farmers for a reduction of the 2006 farmer price by 5-10%, compared to last year’s price. Both sides have asked the Ministry of Agriculture to intervene in reaching an agreement on a minimum farmer price. Farmer organizations have expressed uncertainty and a willingness to abandon their crop. There is a lack of trust in the processors and a number of farmer groups have reported that they have not yet been paid for their 2005 tomato deliveries to processors, accusing processors for unjustifiable delays.

Prices

At the beginning of the spring 2005 season, prices of fresh table tomatoes at the Athens central market were between €2.00 – €2.30/kg. Spring 2006 these prices are reported to be 4 to 6 percent higher than 2005, much higher than usual with an extremely high wholesale profit margin which is difficult for the Ministry of Commerce and Market Police to control. In some tomato producing regions in the south of Greece, the farm price for table tomatoes is estimated at €0.35 – 0.37 per kg. and the final consumer price has fluctuated between €2.30 - €2.80 per kg. However, during periods of shortage, prices have spiked higher than this.

The Greek tomato industry, which has a good reputation in the international market for both fresh and processed tomato products, particularly due to high quality and reliability of its processed tomato products in years of high quality harvests, continues to be a significant asset for Greek agriculture. However, as described in this and the report last year, the future of the sector is unpredictable due to price competition from similar products outside the EU. In 2005, the industry paid Greek growers €0.06 - €0.07 per kg. for tomatoes delivered to processing plants. Chinese grower prices are estimated below €0.03 per kg. This difference depicts the low production cost of the Chinese tomato industry.
Reportedly, May 2006 retail prices in the Greek super markets for tomato products, were between €0.12 - €1.14 (400 gr net weight) for tomato paste and €0.60-€1.15 (400 gr net weight) for canned products (whole, crushed, chopped and diced).

Consumption of processed tomatoes

Annual domestic consumption of canned tomatoes is estimated to be between 30,000-40,000 MT, net weight, and between 14,000-18,000 MT for tomato paste. Greek consumers show a preference for canned tomato products, particularly products containing whole or sliced tomatoes which are preferred over tomato paste. An increase in domestic consumption of processed tomato products is reported during the summer season, mostly due to increased demand due to tourism.

Stocks

According to industry sources, 2005/06 ending stocks of tomato paste and canned tomatoes will be at disappointing levels of over 60,000 MT and 6,500 MT, respectively, although much lower from the carry outs recorded in MY 2004/2005. Normally, stocks are exhausted late in the calendar year, but for this year stocks still remain high.

Trade

Although exports of processed tomato products declined in CY 2004, Greece continued to export large quantities of tomato paste and canned products in CY 2005 to the United Kingdom, the Netherlands, Italy and Germany. Projected CY 2005 official exports for tomato paste are over 108,000 MT, valued at U.S. $74 million, at prices fluctuating between U.S. $670 – $695/ton (FOB basis). Projected CY 2005 official exports for canned tomatoes are over 29,000 M, valued at U.S. $14.7 million, at export prices ranging from U.S. $460 – $510/ton (FOB basis). Official CY 2004 exports for tomato paste were projected at over 64,000 MT, valued at U.S. $44 million (U.S. $76.9 million in CY 2003) at prices fluctuating between U.S. $650 – $685/ton (FOB basis). Official CY 2004 exports for canned tomatoes were projected at over 25,000 MT, valued at U.S. $11.4 million (U.S. $20.6 million in CY 2003), at export prices ranging from U.S. $440 – $455/ton (FOB basis).

Tomato processors report that through a slight reduction of grower prices and measures taken in the EU to protect European products from “unfair” competition, coupled with reductions in acreage cultivated to industrial tomatoes, Greek exports can recover gradually and stocks can be kept at manageable levels. Processors also report that the “unfair” competition in the international markets has seriously affected export values of products sold from Greece and other European countries. Greece has already lost many traditional export markets in Eastern Europe mostly in Estonia, Hungary and Bulgaria. Export prices of good quality Greek Tomato paste in the late 90’s (1998 and 1999) were between U.S. $750 – $1,000/ton.

The international demand for canned tomato products (other than tomato paste) has encouraged Greek processors to adjust their facilities in order to satisfy changes and focus on alternative tomato products other than paste. The EU Third Support Framework for Agriculture Restructured Plans for Countryside Development 2000-2006 has already contributed to the modernization of production lines. But, in order for the modernization to be supported it must not upwardly affect total plant capacity. However, competition and the high cost of equipment have discouraged Greek industry from investing in the sector and producing processed products in larger quantities in the future.

Policy

Currently, discussions on CAP reform on horticultural products, including industrial tomatoes, continue between the EU and member states and within Greece between Farming Organizations and the Ministry of Agriculture. The reactions of individual member states and the actual “legislation form” of the proposal will start to be brought to the Council of Ministers meetings in the second half of 2006. According to sources in the Ministry of Agriculture, until July 13 2006, Greece and other southern Member States will submit their proposals to the Commission on the Industrial Tomatoes, Dried fruit, Citrus and other Deciduous Fruit CAP Reform. The final legislation should be ready for application in the beginning of 2007. Full decoupling is likely to be applied to industrial tomatoes. Most farming organizations, but not the processors, are in agreement with this action, believing that it will likely result in better organization of the sector, especially with crop and product processing improvements. Farmer organizations, believe that full decoupling will secure an income to tomato farmers for a longer period, enabling them to find their feet and look for alternative sources of agricultural income, through restructuring.

According to the Greek Canner Association and their sister organizations in the EU, the implementation of more strict inspections on third-country tomato products, which could be implemented by the EU, would contribute significantly to protection of European tomato products. In this effort, tomato processors receive full support from the Greek government.

PS&D Table, Canned Tomatoes

PSD Table

Country Greece

Commodity Tomatoes, Canned (MT)(MT, Net Weight)

	2004	Revised	2005	Estimate	2006	Forecast	UOM
	USDA Official [	Estimate[N	USDA Official [	Estimate[N	USDA Official [	Estimate[New]	
Market Year Begin		07/2004		07/2005		07/2006	MM/YYYY
Deliv. To Processors	60000	60000	50000	40000	0	60000	(MT)
Beginning Stocks	4747	4747	11247	8747	6747	2347	(MT, Net Weight)
Production	50000	50000	41500	33600	0	50000	(MT, Net Weight)
Imports	12000	14000	9000	16000	0	13000	(MT, Net Weight)
TOTAL SUPPLY	66747	68747	61747	58347	6747	65347	(MT, Net Weight)
Exports	23500	25000	22000	23000	0	27500	(MT, Net Weight)
Domestic Consumption	32000	35000	33000	33000	0	34500	(MT, Net Weight)
Ending Stocks	11247	8747	6747	2347	0	3347	(MT, Net Weight)
TOTAL DISTRIBUTION	66747	68747	61747	58347	0	65347	(MT, Net Weight)

Export Trade Data, Canned Tomatoes

Export Trade Matrix

Country Greece

Commodit Tomatoes, Canned

Time Period		Units:	MT
Exports for:	2004		**2005**
U.S.	3	U.S.	2
Others		Others	
U.K.	14069	U.K.	16463
Netherlands	5569	Netherlands	4245
Sweden	1050	Sweden	1072
Germany	1035	Germany	1112
Italy	984	Ireland	1109
Belgium & Lux	464	Belgium & Lux.	1543
Cyprus	606	Cyprus	845
Other EU	786	Other EU	1725
>EU Total	24563	>EU Total	28114
Japan	222	Japan	367
Total for Others	24785		28481
Others not Liste	456		727
Grand Total	25244		29210

Import Trade Matrix, Canned Tomatoes

Import Trade Matrix

Country Greece

Commodit Tomatoes, Canned

Time Period		Units:	MT
Imports for:	2004		2005
U.S.		U.S.	
Others		Others	
Italy	8002	Italy	6458
Germany	2296	Germany	2746
Spain	18	Spain	5
U.K.	53	France	6
Denmark	11	Belgium	5
France	7	>EU Total	9220
Hungary	9	Turkey	59
Other EU	7	Bulgaria	75
>EU Total	10403		
Turkey	899		
Total for Others	11302		9354
Others not Liste	64		
Grand Total	11366		9354

PS&D Table, Tomato Paste

PSD Table

Country Greece

Commodity Tomato Paste,28-30% TSS B (MT)(MT, Net Weight)

	2004	Revised	2005	Estimate	2006	Forecast	UOM
	USDA Official [	Estimate[NDA Official [		Estimate[DA Official [		Estimate[New]	
Market Year Begin		07/2004		07/2005		07/2006	MM/YYYY
Deliv. To Processors	1084000	1084000	880000	830000	0	940000	(MT)
Beginning Stocks	18900	18900	48400	83700	43400	62700	(MT, Net Weight)
Production	180000	180000	146500	138000	0	156000	(MT, Net Weight)
Imports	4500	12800	1500	8000	0	9000	(MT, Net Weight)
TOTAL SUPPLY	203400	211700	196400	229700	43400	227700	(MT, Net Weight)
Exports	135000	98000	135000	142000	0	145000	(MT, Net Weight)
Domestic Consumption	20000	30000	18000	25000	0	28000	(MT, Net Weight)
Ending Stocks	48400	83700	43400	62700	0	54700	(MT, Net Weight)
TOTAL DISTRIBUTION	203400	211700	196400	229700	0	227700	(MT, Net Weight)

Export Trade Matrix, Tomato Paste

Export Trade Matrix

Country Greece

Commodit Tomato Paste,28-30% TSS Basis

Time Period		Units:	MT
Exports for:	2004		2005
U.S.	32	U.S.	
Others		Others	
Netherlands	19037	Netherlands	19725
U.K.	17511	U.K.	29020
Italy	8292	Italy	14046
Germany	7658	Germany	10326
Belg. & Lux.	2332	Belg. & Lux.	2455
Cyprus	1225	Poland	3460
Sweden	849	Other EU	8950
Other EU	3794	>EU Total	87982
>EU Total	60698	Libya	7391
Russian Feder.	1094	Bulgaria	5604
Total for Others	61792		100977
Others not Liste	2533		7627
Grand Total	64357		108604

Import Trade Matrix, Tomato Paste

Import Trade Matrix

Country Greece

Commodit Tomato Paste,28-30% TSS Basis

Time Period		Units:	MT
Imports for:	2004		**2005**
U.S.		U.S.	
Others		Others	
Italy	4063	Italy	3477
Germany	4456	Germany	5094
Netherlands	18	Poland	89
Belg & Lux.	15	Cyprus	26
Spain	83	Spain	3
>EU Total	8635	Malta	1
Turkey	771	>EU Total	8690
Poland	66	Turkey	6
China	19		
Total for Others	9491		8696
Others not Liste	4		8696
Grand Total	9495		17392